

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/2/11

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana

Annual Financial Statements  
As of and for the Year Ended June 30, 2010  
With Supplemental Information Schedules

CONTENTS

	<u>Statement</u>	<u>Page</u>
Accountants' Report		i
<u>Basic Financial Statements</u>		
Proprietary Fund – Enterprise Fund:		
Balance Sheet	A	4
Statement of Revenue, Expenses, and Changes in Retained Earnings	B	5
Statement of Cash Flow	C	6
Notes to the Financial Statements		7
<u>Other Reports</u>		
Independent Accountants' Report on Applying Agreed Upon Procedures		16
Louisiana Attestation Questionnaire		19
<u>Other Supplemental Schedules</u>		
Schedule of Compensation Paid Board Members	<u>Schedule</u> 1	22
Summary Schedule of Prior Year Findings	2	23
Corrective Action Plan for Current Year Findings	3	24

# JAMIESON, WISE & MARTIN

A Professional Accounting Corporation

601 Main Street P. O. Box 897  
Minden, Louisiana 71058-0897  
(318) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA  
CARLOS E. MARTIN, CPA  
KRISTINE H. COLE, CPA

JENNIFER SMITH, CPA  
KRISTIE K. MARTIN, CPA

WM. PEARCE JAMIESON, CPA (1991)

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## ACCOUNTANTS' REPORT

To the Management of the Sarepta Waterworks  
District of Webster Parish  
Component unit of the Webster Parish Police Jury  
Sarepta, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of Sarepta Waterworks District of Webster Parish, a component unit of the Webster Parish Police Jury, as of and for the year then ended June 30, 2010, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Sarepta Waterworks District of Webster Parish.

A review consists principally of inquiries of District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The Sarepta Waterworks District of Webster Parish has not presented the management's discussion and analysis information that accounting principles generally accepted in the United States of America have determined is required to supplement, although not required to be part of, the basic financial statements.

The other supplemental schedules on pages 22 through 25 are not a required part of the basic financial statements and are presented for purposes of additional analysis. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated December 9, 2010 on the results of our agreed-upon procedures.

*Jameson, Wice & Martin*

Minden, Louisiana

December 9, 2010

## **BASIC FINANCIAL STATEMENTS**

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana**

**Balance Sheet  
June 30, 2010**

**ASSETS**

**Current assets:**

Unrestricted -

Cash	\$ 121,676
Investments	253,361
Accounts receivable - trade	14,106
Unbilled receivables	4,363
Interest receivable	406
	<u>393,912</u>

Restricted -

Cash	<u>23,742</u>
<b>Total current assets</b>	<u><b>417,654</b></u>

**Property, plant and equipment:**

Land	9,100
Utility plant and improvements	347,419
Equipment/office improvements	84,858
Construction in progress	<u>250,969</u>
	692,346

Less: accumulated depreciation	<u>(332,055)</u>
<b>Total property, plant and equipment</b>	<u><b>360,291</b></u>

<b>TOTAL ASSETS</b>	<u><b>\$ 777,945</b></u>
---------------------	--------------------------

**LIABILITIES AND EQUITY**

**Current liabilities:**

Payable from unrestricted assets -

Accounts payable	\$ 3,201
Payroll taxes payable	30
Sales tax payable	36
Retainage Payable	<u>12,529</u>
	15,796

Payable from restricted assets -

Customer meter deposits	<u>20,575</u>
<b>Total current liabilities</b>	<u><b>36,371</b></u>

**Fund equity:**

Retained earnings	<u>741,574</u>
-------------------	----------------

<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>\$ 777,945</b></u>
-------------------------------------	--------------------------

See accompanying notes and independent accountants' review report.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana**

**Statement of Revenues, Expenses, and Changes in Retained Earnings  
For the Year ended June 30, 2010**

<b>Operating revenues:</b>	
Water sales	\$ 148,308
Tap charges	400
Penalties	5,180
Reconnect charges	390
Grant revenues	186,138
Miscellaneous income	<u>1,945</u>
<b>Total operating revenues</b>	<u>342,361</u>
<b>Operating expenses:</b>	
Wages and contract labor	42,030
Maintenance and supplies	64,822
Utilities	11,550
Transportation	1,426
Office	8,757
Insurance	5,824
Legal and auditing	2,011
Commissioners expense	3,480
Payroll taxes	2,766
Depreciation	7,297
Bad debt	2,288
Miscellaneous	<u>1,477</u>
<b>Total operating expenses</b>	<u>153,728</u>
<b>Income (loss) from operations</b>	<u>188,633</u>
<b>Nonoperating revenues (expenses):</b>	
Investment income	<u>16,532</u>
<b>Total nonoperating revenues (expenses)</b>	<u>16,532</u>
<b>Net income</b>	205,165
<b>Retained earnings, beginning of year</b>	<u>536,409</u>
<b>Retained earnings, end of year</b>	<u>\$ 741,574</u>

See accompanying notes and independent accountants' review report.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana**

**Statement of Cash Flows  
For the Year ended June 30, 2010**

Cash flows from operating activities:	
Cash received from customers	\$ 155,584
Cash received for meter deposits	925
Cash received from grants	186,138
Cash payments for goods and services	(106,714)
Cash payments to employees	(35,339)
Net cash provided by operating activities	<u>200,594</u>
Cash flows from capital and related financing activities:	
Purchases of property, plant and equipment	(186,138)
Net cash (used) by capital and related financing activities	<u>(186,138)</u>
Cash flows from investing activities:	
Investment income	10,671
Proceeds from sale of investments/CD maturity	52,523
Purchases of investments	(54,171)
Net cash provided by investing activities	<u>9,023</u>
Net increase (decrease) in cash	23,479
Cash and cash equivalents at beginning of year	<u>121,939</u>
Cash and cash equivalents at end of year	<u>\$ 145,418</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Net income (loss) from operations	\$ 188,633
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	7,297
Bad debt	2,288
(Increase) decrease in:	
Accounts receivable - trade	(2,953)
Accounts receivable - other	2,075
Unbilled receivables	239
Increase (decrease)	
Accounts payable - trade	2,073
Payroll taxes payable	13
Sales tax payable	4
Customers' meter deposits	<u>925</u>
Net cash provided by operating activities	<u>\$ 200,594</u>

See accompanying notes and independent accountants' review report.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
**Sarepta, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

***INTRODUCTION***

The Sarepta Waterworks District of Webster Parish was created under Revised Statutes 33:3811, by the Webster Parish Police Jury, by Ordinance No. 502, on September 2, 1958. As a result, the District is a component unit of the Police Jury, which has the authority to appoint all members of the Board of Waterworks Commissioners.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The basic financial statements of the Sarepta Waterworks District of Webster Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**B. Reporting Entity**

The district is a component unit of the Webster Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
Sarepta, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2010

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The accrual basis of accounting is utilized by proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations.

The proprietary fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the cost (expenses, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Budgets and Budgetary Accounting**

The Sarepta Waterworks District of Webster Parish is not required by state law to formally adopt a budget for proprietary funds and generally accepted accounting procedures do not require budgetary comparison of financial statements.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
Sarepta, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2010

**E. Encumbrances**

The Sarepta Waterworks District of Webster Parish does not use encumbrance accounting.

**F. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**G. Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:29558 and the district's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The district's investments are reported at fair value, which is determined using selected bases in accordance with GASB Statement No. 31. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

**H. Inventories**

Supplies used to repair water lines, pumps, and meters, are immaterial and are expensed when purchased which is consistent with prior years.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
**Sarepta, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**I. Capital Assets**

Capital assets, which include property, plant equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the proprietary fund of the District. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sarepta Waterworks District of Webster Parish maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Utility plant and additions	40
Water wells	40
Transportation equipment	5-10
Office equipment/improvements	5-8

**J. Restricted Assets**

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

**K. Pension Plan**

The district does not participate in a pension plan and therefore has no unfunded liability.

**L. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the Sarepta Waterworks District of Webster Parish considers all highly liquid investments (including restricted assets) to be cash equivalents.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
**Sarepta, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**M. Bad Debts**

Uncollectible amounts due for customer accounts are recognized as bad debts through the use of the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting procedures.

**N. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. Cash**

At June 30, 2010, the district had cash and cash equivalents totaling \$145,418 as follows:

Demand deposits	\$ 51
Interest-bearing demand deposits	<u>145,367</u>
Total	<u>\$ 145,418</u>

These deposits are stated at cost, which approximates market. Under state law, these bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2010, the district had \$314,326 in collected bank balances (including certificates of deposit). These deposits are secured from risk by \$250,000 of federal deposit insurance. The remaining balance is not secured by the pledge of securities and is a violation of state law.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
**Sarepta, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**3. Investments**

At fiscal year end, the district's investment balances were as follows:

	<u>Fair value</u>	<u>Cost</u>
Certificates of Deposit	\$ 48,764	\$ 48,764
U.S. Agency & Treasury Bonds	<u>204,597</u>	<u>202,843</u>
Total	<u>\$ 253,361</u>	<u>\$ 251,607</u>

***District's investment policies***

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Louisiana Revised Statutes and the District's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the District. *The District is authorized to invest in the following types of investments:*

- a) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government,
- b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S., and
- c) Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored.
- d) Direct security repurchase agreements of any federal bank entry only securities enumerated in items (a) – (c) above.
- e) Time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the state of Louisiana.

**Interest rate risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's policy is to invest in securities with a stated maturity that does not exceed 24 months. **Concentration of credit risk** is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Investments held in U.S. government or investments guaranteed by the U.S. government are excluded from disclosure of concentration of credit risk.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
**Sarepta, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**3. Investments (cont')**

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The District investments are Category 1 investments, categorized as insured or registered, or securities held by the District or its agent in the District's name.

**4. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2010, for the primary government is as follows:

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 9,100	\$ -	\$ -	\$ 9,100
Construction in progress	<u>52,302</u>	<u>198,667</u>	<u>-</u>	<u>250,969</u>
Total capital assets, not being depreciated	<u>61,402</u>	<u>198,667</u>	<u>-</u>	<u>260,069</u>
Capital assets being depreciated				
Buildings	190,027	-	-	190,027
Land improvements other than buildings	65,987	-	-	65,987
Equipment	127,081	-	-	127,081
Vehicles	<u>49,182</u>	<u>-</u>	<u>-</u>	<u>49,182</u>
Total capital assets being depreciated	<u>432,277</u>	<u>-</u>	<u>-</u>	<u>432,277</u>
Less accumulated depreciation for:				
Buildings	181,122	864	-	181,986
Land improvements other than buildings	19,296	1,698	-	20,994
Equipment	82,269	2,478	-	84,747
Vehicles	<u>42,071</u>	<u>2,257</u>	<u>-</u>	<u>44,328</u>
Total accumulated depreciation	<u>324,758</u>	<u>7,297</u>	<u>-</u>	<u>332,055</u>
Total capital assets, being depreciated, net	<u>107,519</u>	<u>(7,297)</u>	<u>-</u>	<u>100,222</u>
Business-type activities capital assets, net	\$ <u>168,921</u>	\$ <u>191,370</u>	\$ <u>-</u>	\$ <u>360,291</u>

Depreciation expense of \$7,297 was charged as a direct expense of the government.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
**Sarepta, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**5. Leases**

Sarepta Waterworks District of Webster Parish has a lease with the Webster Parish School Board for 40 years, with the option to renew the lease for six successive ten year periods upon the same terms and conditions set forth in the original agreement dated July 1, 1984, for the sum of \$1 per year. The lease is subject to the following provisions:

- a) The property must be used for the purpose of the operation and maintenance of a well and booster station site and for the operation of the water system by Sarepta Waterworks District of Webster Parish.
- b) The District must maintain liability insurance for operations conducted on the subject property in an amount not less \$100,000 per accident.

Future payments are as follows:

June 30, 2011	\$ 1
June 30, 2012	1
June 30, 2013	1
June 30, 2014	1
June 30, 2015	1
All future years	<u>9</u>
	\$ <u>14</u>

**6. Compensated Absences**

No formal policy exists for sick leave that provide for accumulation of benefits. Effective April 8, 2003, regular employees receive 10 days paid vacation a year.

**7. Subsequent Events**

Subsequent events have been evaluated through December 9, 2010. This date represents the date the financial statements were available to be issued.

## **Other Reports**

# JAMIESON, WISE & MARTIN

A Professional Accounting Corporation

601 Main Street P. O. Box 897  
Minden, Louisiana 71058-0897  
(319) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA  
CARLOS E. MARTIN, CPA  
KRISTINE H. COLE, CPA

JENNIFER SMITH, CPA  
KRISTIE K. MARTIN, CPA

WM. PEARCE JAMIESON, CPA (1981)

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of the Sarepta Waterworks  
District of Webster Parish  
Component unit of the Webster Parish Police Jury  
Sarepta, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Sarepta Waterworks District of Webster Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Sarepta Waterworks District of Webster Parish's compliance with certain laws and regulations during the year ended June 30, 2010, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### *Public Bid Law*

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law). Effective September 21, 2009, the limits for materials and supplies and public works were increased to \$30,000 and \$150,000 respectively.

For the year ended June 30, 2010, we noted no expenditures for materials and supplies exceeding \$15,000. We noted expenditures for a public works project whose cost exceeded \$100,000. We examined documentation which indicated that this public works project had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

### *Code of Ethics for Public Officials and Public Employees*

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with a list of all employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The employees were not included in any of the listings obtained from management.

#### ***Budgeting***

5. Obtained a copy of the legally adopted budget and all amendments.

Management is not required by LSA-RS 39:1301-14 to adopt a budget for its proprietary fund.

6. Trace the budget adoption and amendments to the minute book.

Management is not required by LSA-RS 39:1301-14 to adopt a budget for its proprietary fund.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Management is not required by LSA-RS 39:1301-14 to adopt a budget for its proprietary fund.

#### ***Accounting and Reporting***

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from a member of the Board of Commissioners.

#### *Meetings*

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Sarepta Waterworks District of Webster Parish is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Although management asserted that such documents were properly posted, we could find no evidence supporting such assertion other than observing that the notice for the regular district meeting is posted to the wall of the district building where the meetings are held.

#### *Debt*

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### *Advances and Bonuses*

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advance, or gifts.

Payroll reports were examined along with a review of the minutes for the year. We noted one payment to an employee that was considered an advance or bonus.

Our prior year report, dated December 8, 2009, included no comments.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Sarepta Waterworks District of Webster Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Jameson, Wise & Martin*

Minden, Louisiana  
December 9, 2010

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)

\_\_\_\_\_ (Date Transmitted)

Jamieson, Wise & Martin

P. O. Box 897

Minden, LA 71058-0897

\_\_\_\_\_  
(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

### Meetings

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes ☒ No ☐

### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

8-12-10

Date

Secretary

Kathy Simon

8-12-10

Date

Treasurer

Kathy Simon

8-12-10

Date

President

Garland Hughes

**Other Supplemental Schedules**

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana

Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2010

Because of the constant participation of members of the Board of commissioners in day to day activities of the District, the members are paid a monthly per diem instead of a per diem based on attendance at board meetings. Payments to the board members are as follows:

	For the years ended	
	June 30,	June 30,
	<u>2010</u>	<u>2009</u>
Garland Hughes	\$ 720	\$ 720
Andy Hanson	720	720
Charles Woolley	120	720
Michael Andrews	480	-
Pete Schuler	720	720
Thomas Garland	<u>720</u>	<u>480</u>
Total	\$ <u>3,480</u>	\$ <u>3,360</u>

See independent accountants' review report.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana**

**Summary Schedule of Prior Findings  
For the Year Ended June 30, 2010**

No items required to be reported.

See independent accountants' review report.

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana

Corrective Action Plan for Current Year Findings  
For the Year Ended June 30, 2010

**2010-1 Deposits in excess of adequate security**

*Finding:* According to LSA RS 39:1225, "The amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States." As of June 30, 2010, the District had approximately \$64,326 in deposits with a local bank, which were not adequately secured.

*Recommendation:* We recommend that Sarepta Waterworks District, review its pledged securities held with banks and compare to its bank balances, to ensure that balances in excess of the federal depository insurance are adequately secured.

*Corrective Action Plan:* The increase in bank balances in the fiscal year ended June 30, 2010, was due to the receipt of capital outlay grant revenues at year end, thereby increasing the bank balances as of June 30, 2010. The Board will begin monitoring bank account balances to ensure that balances in excess of federal deposit insurance are adequately secured throughout the year.

**2010-2 Payment to employee considered bonus**

*Finding:* According to Article VII, Section 14(A), "Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private." It appears that the State Constitution prohibits use of public assets for private purposes, including compensation or payment for inadequate consideration or for services already rendered. We noted one payment made to an employee which represents a payment for vacation time not taken during the year. This payment appears to be in violation of Article VII, Section 14.

*Recommendation:* We recommend that Sarepta Waterworks District review and update its vacation policy to prohibit cash payments to employees which are paid in lieu of vacation.

*Corrective Action Plan:* The water superintendent was the only employee who was certified to perform daily water testing, therefore during the year he was unable to take vacation he had earned. In light of these circumstances, the Board authorized a payment to the water superintendent for vacation earned but not taken.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana**

**Corrective Action Plan for Current Year Findings  
For the Year Ended June 30, 2010**

*Corrective Action Plan (cont'):*

*The board has hired an assistant water superintendent to remedy this situation. The Board will no longer make cash payments in lieu of vacation to employees. Currently, the Board is in the process of updating the compensated absences policy of the district.*